Michael Handley from the NC Housing Finance Agency spoke on the Essential Single-Family Rehabilitation Loan Pool - Disaster Recovery

**Note: These are the notes taken from a rapid-fire presentation by Michael Handley. The attachments take priority if there are differences. If you have any questions at all, contact Michael Handley at 919-877-5627 or**[**mghandley@nchfa.com**](mailto:mghandley@nchfa.com)**.**

Michael Handley distributed two handouts (attached) covering programs funded with federal and state funds, based on the NC Housing Trust Fund. It is a $15 million loan pool for single-family owner-occupied homes. There is a $150,000 placeholder at the start of the program. Up to $9 million of the pool is in play and they are not accepting applications any longer. Michael talked about how to do outreach for this program and get clients in touch with pool “partners.” The partners are listed on the attachment.

Clients can have up to 100% of the median family income, no special needs, and at least $5,000 of Matthew damage. There is a maximum of $40,000 for construction costs. The client must be denied by SBA; that is, SBA cannot have offered a loan which was declined. If the family received FEMA home repair assistance, they must document (via receipts) that the money was used for home repair. Of the 144 units currently in play, 23 have had questions on this. He stressed that documentation is required.

This program is considered to be the “Emergency Room” for housing. Repairs do not have to be cosmetic. The criteria are Life and Safety. For example, you do not have to paint. The purpose of this program is quick, rapid repair. CDBG moves much more slowly, fourteen months from now. Hazard mitigation moves more slowly, nine months from now. Clients can use this program AND also use CDBG and Hazard Mitigation. Clients may be in the flood plain but must have flood insurance.

The program is administered by 36 partners in 43 counties (see attachment). The partners could have higher requirements than the minimums specified above. Selection schemes must be transparent. Some use priority, some are first-come, first-served.

This program is a forgivable loan, not a grant, but it is NOT secured by a lien (can’t be enforced). It is forgiven at a rate of $5,000 per year. The work to be done will be done to a “essential property” standard or “uniform housing” standard, or “make house sound for five years” standard. These are pretty minimal standards. They could also conform to a local minimum standard. They must meet the NC Building Code.

Michael mentioned the Renovating, Remodeling, Painting (RRP) Act passed January 2010. If you are working in a house built prior to 1978, you must be certified. Certification is granted after taking an 8-hour class which costs $300. There is an exclusion for volunteers in the Act, but workers must be certified for work on this program.

Who works under this program? Some members use their own crews but most cities and counties bid this work out to contractors. The work-in-flood-plain decision is left to the “partners.” If work takes place in the flood plain, the client must have flood insurance.

Michael mentioned the default terms of the loan. The house must be owner-occupied. If the owner leaves the home to his children, the loan is assumed. If you sell or rent the house, you must pay back the loan. (Since there is no lien, this isn’t strictly enforceable.)

Each “partner” develops an assistance policy and a procurement distribution policy to show that assistance is fair and equitable.

The $15 million loan pool will be raised to $19.2 million.

Jere Snyder asked whether all states have similar programs. Michael Handley stated that all states have programs but most use banks to administer them, rather than state agencies. North Carolina used to get $20 million for this program but now it’s closer to $14 million. The breakdown is Essential repairs: $8 million, Urgent repairs: $3 million, Displaced resident: $2.5 million, and this program: $15 million.

Larry Marks